

- Independent
- Fee Based
- Fiduciary

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Taxes, Taxes, Taxes...

- Upcoming Changes
 - Income Taxes
 - Estate Taxes
 - Social Security Taxes
- How They Will Affect You





Taxes Are Going to Increase



- **Unfunded entitlements**
- **Healthcare “reform”**
- **Record Spending**
- **Unemployment**
- **US & World Economy Bailouts**
- **A budget that is NOT balanced**

Historical Tax Rates

Taxable Year	Tax Rate	Income	
1944	94%	\$200,000+	
1982	50%	\$85,600+	
1993	39.6%	\$89,150+	

Income Tax Rates 2010 vs 2011

Income Brackets	2010	2011	
Bottom	10%	15%	
Second	15%	15%	
Third	25%	28%	
Fourth	28%	31%	
Fifth	33%	36%	
Top	35%	39.6%	
Net Capital Gains			
10-15% Brackets	0%	10%	
Middle Two Brackets	15%	20%	
Upper Two Brackets	15%	20%	

How the New Health Care Laws Will Impact Taxes

- Beginning in 2013, a 3.8% surtax on investment income
- In 2013 an additional Medicare Tax of 0.9% will apply to wages and self-employment income above \$250k

Top Scheduled Tax Rate Changes		
Income Type	2010	2013
Ordinary Income	35%	39.6%
Short-Term Capital Gains	35%	43.4%
Long-Term Capital Gains	15%	23.8%
Interest Income	35%	43.4%
Qualified Dividend Income	15%	39.6%

IRA Distributions

- **At what age do you have to start taking regular IRA distributions?**
- **If you don't take the required distribution, what is the penalty you are charged?**
- **Are IRA distributions taxable?**

Roth IRA: To Convert or Not to Convert

- 2010 Conversions
 - Can Spread Income Taxes Over 2011 & 2012
 - Can Pay All in 2010
- \$100,000 Income restriction removed
- Five Year Rule
 - Cannot Spend Earnings for Five Years

Roth IRA Advantages vs Disadvantages

▶ Advantages

- Income Tax Free Withdrawals
- No RMDs
- Income Tax Free to Beneficiaries
- No S.S. Taxation After Conversion
- Pay Tax on Conversion at known tax rates

▶ Disadvantages

- Conversion is Totally Taxable
- Potential S.S. Taxation
- Time Value of Money Can be Lost
- Five Year Rule on Earnings

Stretch the Value of Your Savings

Goal: \$50,000 Spendable Income

TRADITIONAL IRA

Social Security* \$24,000

IRA Withdrawal **\$41,000**

Taxable
Income** \$61,400

25% Tax (S&F) \$15,350

Spendable
Income After
Tax **\$50,680**

ROTH IRA

Social Security \$24,000

Roth IRA
Withdrawal **\$26,000**

Taxable Income * -0-

Tax -0-

Spendable Income
After Tax **\$50,000**

* 85% taxable (\$20,400)

* under Social Security threshold

** Less standard deduction of \$11,400

Family Legacy or Tax Legacy?

- *Multi-Generational IRA* established in 2001
- Structure your IRA so that when it passes from Mom & Dad, the children (or beneficiaries) get all the tax benefits available that the IRS is giving.
- 40% to 50% of the funds of what you accumulated and wanted to leave to your children/grandchildren .IS GOING TO THE I.R.S.
- Take advantage of this IRS regulation, but the responsibility rest with you and your beneficiaries

Review your Beneficiaries

- At a major life event: marriage, divorce, child's birth/adoption, retirement, selling a home, death
- *“Naming beneficiaries is an important decision-making process , and it’s one that may have significant repercussions for your loved ones.”*



Tax Free 401K Rollovers

- Ability to do Advanced Beneficiary Planning / Estate Planning
- Flexibility in Investment Choices
- Previous Employers
- In Service Distribution



Social (in)Security ??

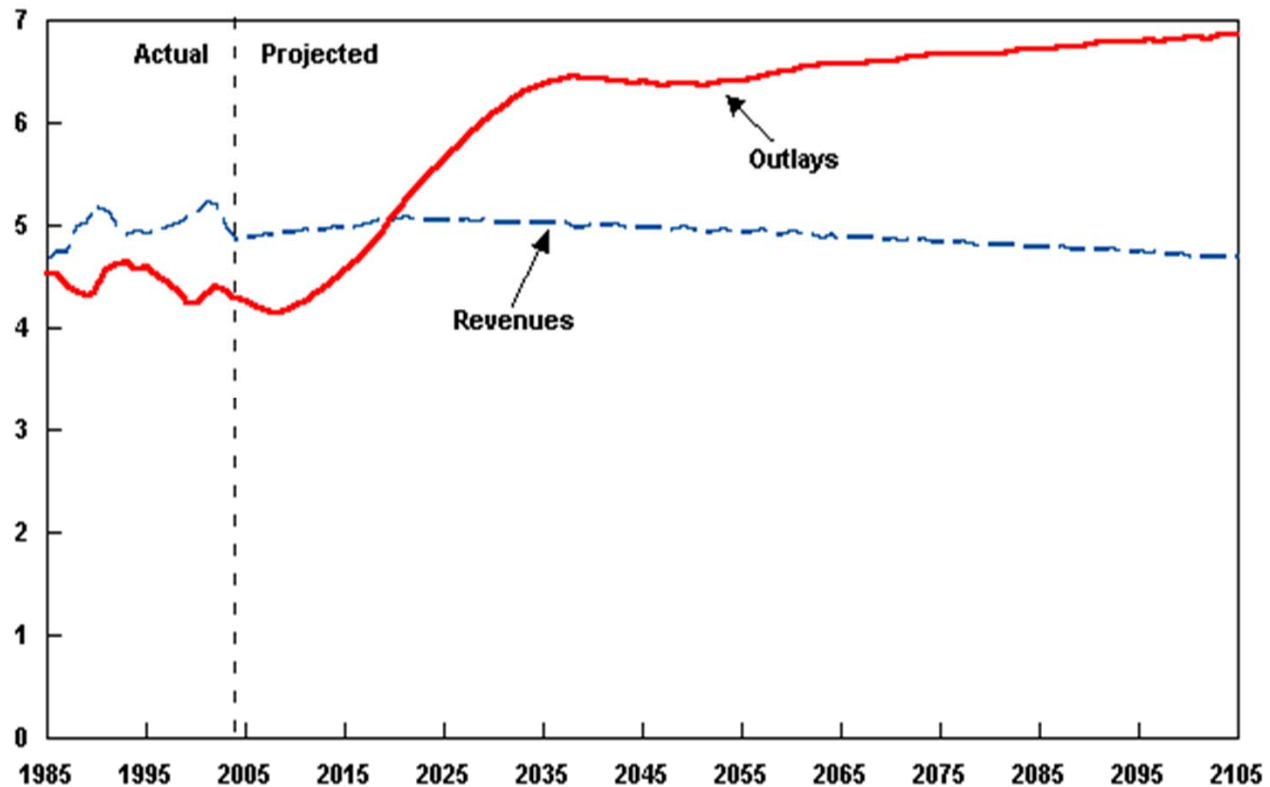
Worker to Benefit Ratio

In 1950 16:1

Present 3.3:1

In 40 Years 2:1

Not enough Workers to Pay Benefits



Funding Your Own Pension

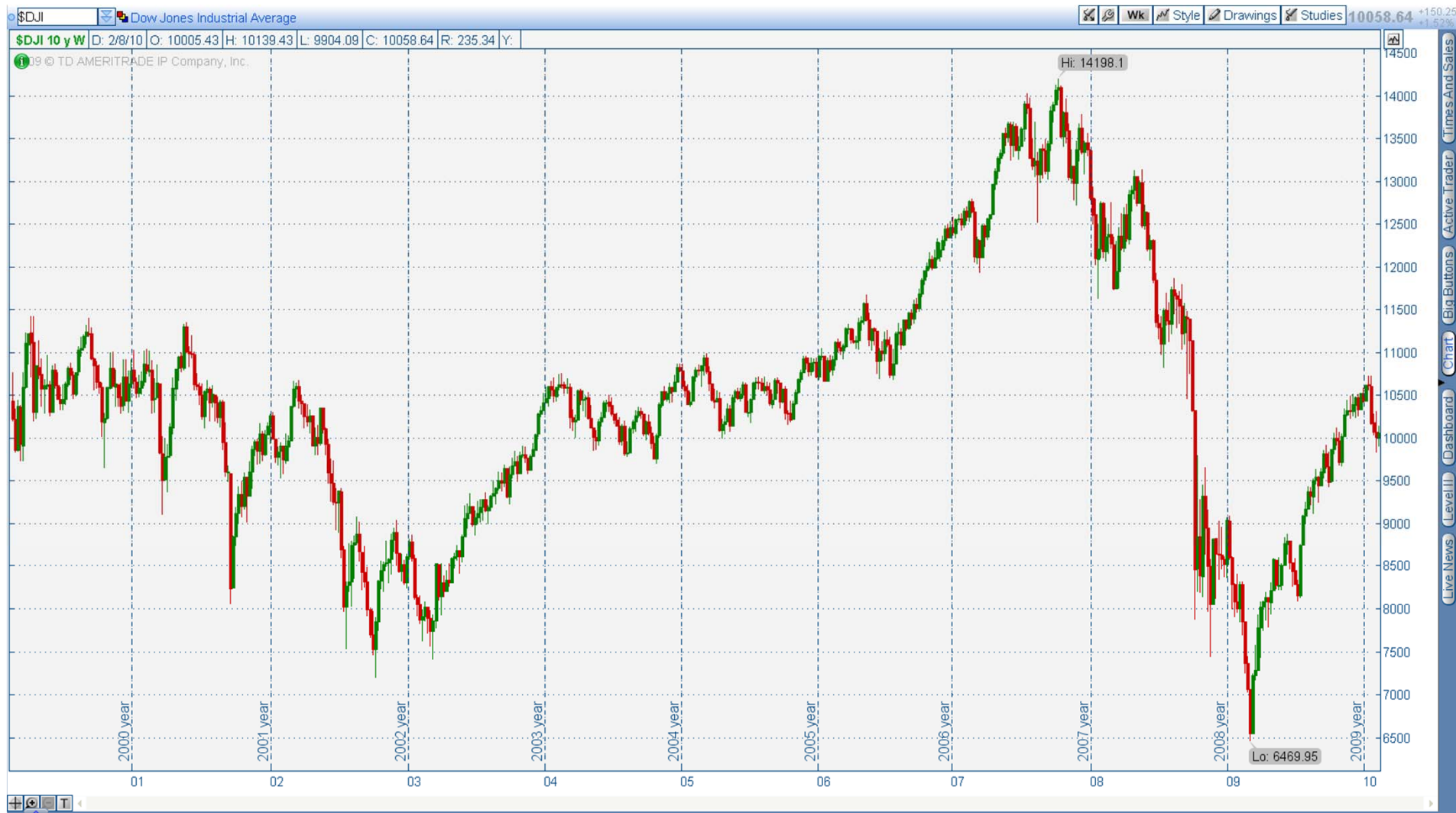
Set up an income stream that lasts the rest of your life

Make sure you allow for cost of living increases

Start Planning Today - it's never too early

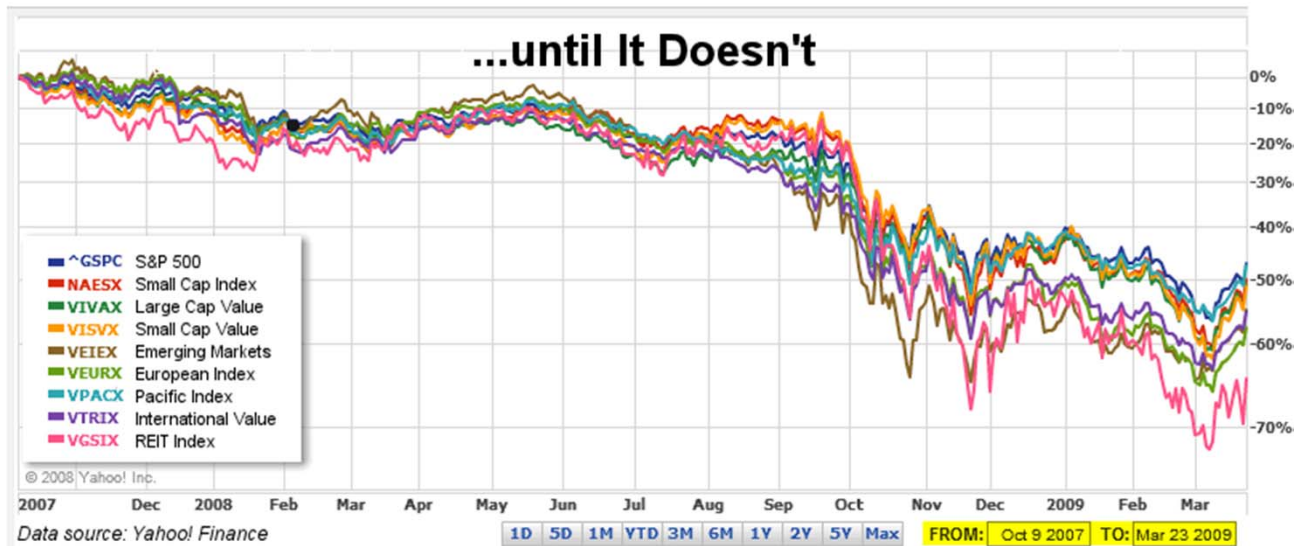
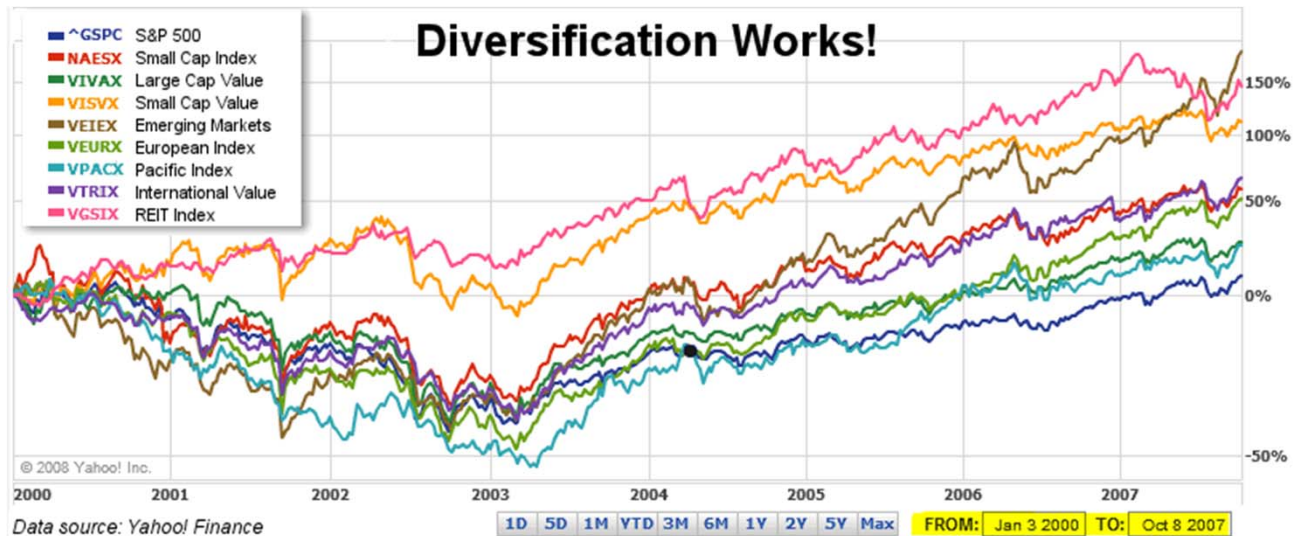
The Dow 10 Years

Its been a decade and your portfolio is right where you started!
Adjusting for inflation, you have lost a lot of money!



(01/01/2000 to 02/08/2010)

QuickTime™ and a
decompressor
are needed to see this picture.

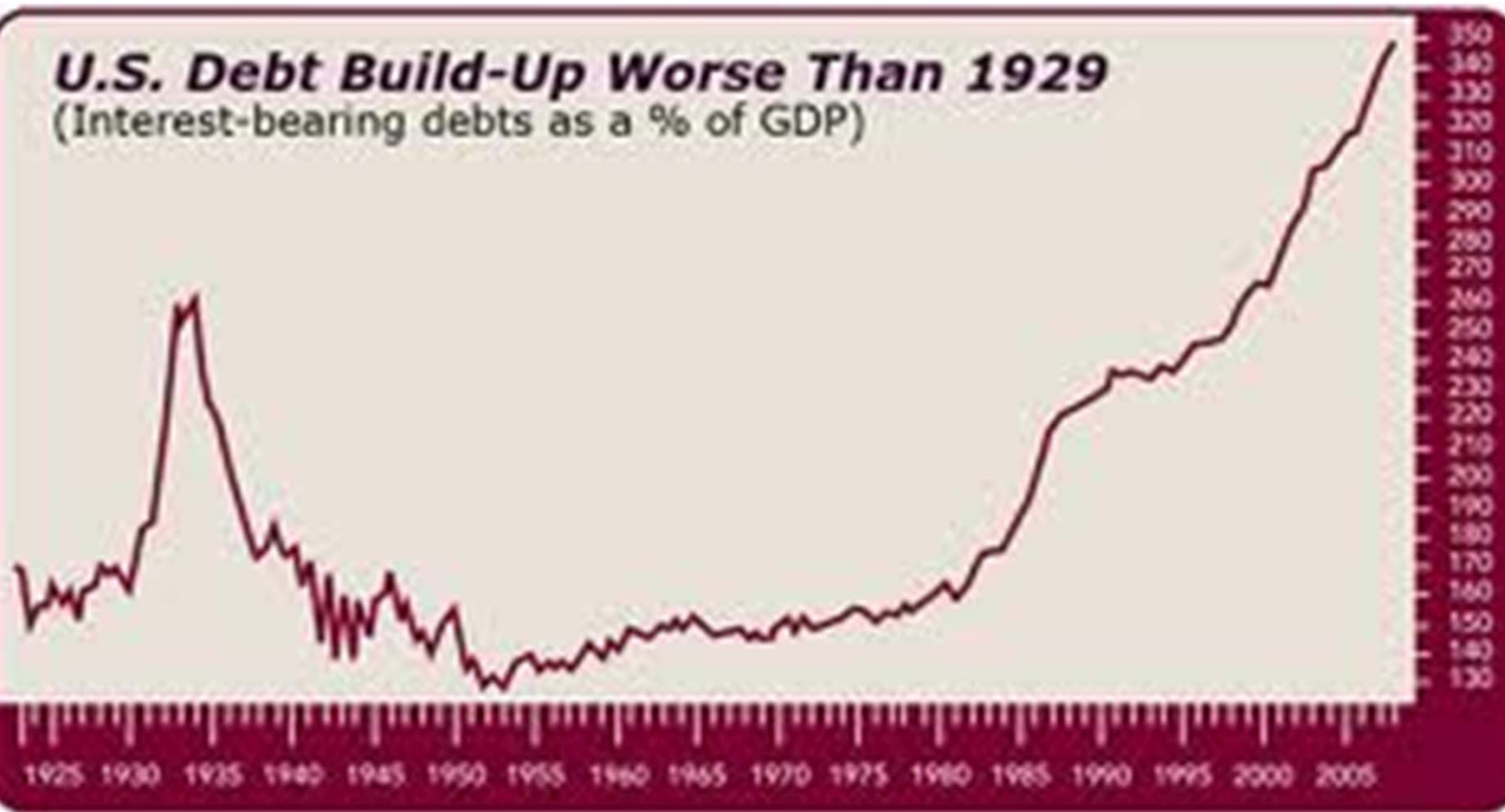


The Biggest Disconnect of All Time

Stock Markets Going Up, BUT.....

- Consumer Confidence Plunged in September
- New home sales flat-lined at 288,000 in August, the second-worst month in U.S. history
- Continuing Problems in the Banking Sector
- American consumers are tapped out — more interested in paying OFF debt rather than taking more ON.
- Unemployment Continues to Rise
- Deficit Continues to Climb

U.S. Debt Build-Up Worse Than 1929 (Interest-bearing debts as a % of GDP)

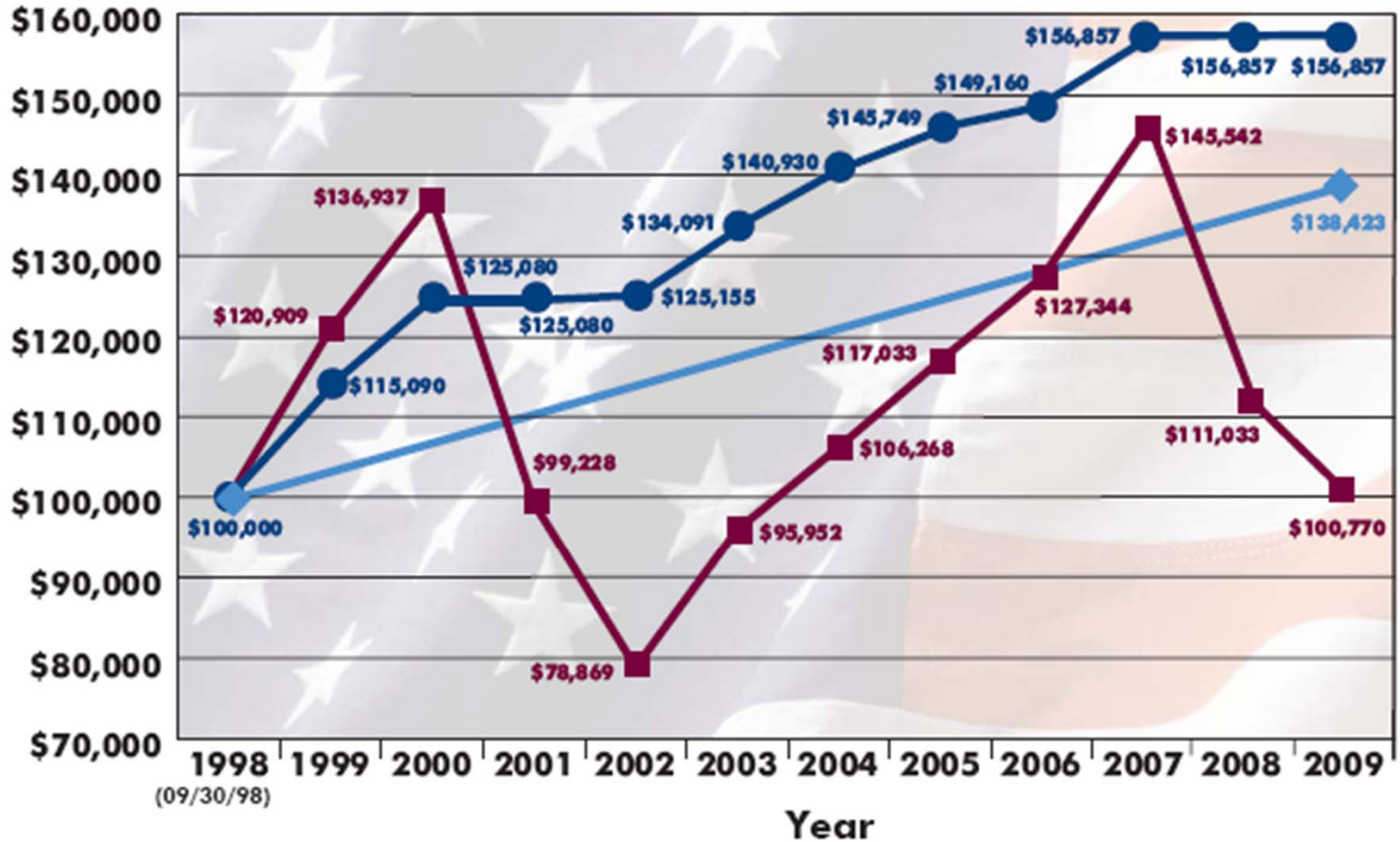


Mike Keefe and Don...

SORRY, SON...
BUT IF YOU
EVER WANT
TO PAY OFF
YOUR SHARE
OF THE
NATIONAL
DEBT...



Equity Index Annuity



BTS Bond Asset Allocation Program Since 1996

Total Annual Returns of Three Popular Bond Fund Sectors Over A 15-Year Period

January 1, 1994 through December 31, 2008

Year	Domestic High Yield Bond Sector ³	U.S. Long-Term Government Bond Sector ⁴	U.S. Short-Term T-Bill Sector ⁵
1994	-0.98	-7.73	4.45
1995	17.39	30.90	5.79
1996	12.42	-0.84	5.26
1997	12.63	15.12	5.31
1998	0.58	13.41	5.02
1999	3.28	-8.73	4.87
2000	-5.21	20.29	6.32
2001	5.78	4.34	3.67
2002	3.11	16.99	1.68
2003	27.93	2.61	1.05
2004	11.96	7.94	1.43
2005	2.26	6.61	3.34
2006	11.93	2.06	5.07
2007	2.66	9.65	4.77
2008	-26.17	22.69	1.51

BTS attempts to allocate your assets to the bond sectors producing the highest current returns when bond prices are rising ... or conversely, to preserve capital by being out of the bond market and in money market if the bond sectors are declining.



To accomplish this, BTS Select BAA portfolios use a broad range of market trend data, technical analysis and economic factors to allocate assets to the bond market sectors BTS believes will produce the highest returns.

This chart is for illustrative purposes only and does not represent the future performance of any specific investment option, nor imply actual allocation recommendations. Past performance is no guarantee of future results. Disclosures on next page.

Disclosure

- 3 - Morningstar, Inc., CSFB High Yield Index updated through 12-31-08. Morningstar defines the CSFB High Yield Index as an unmanaged, trader-priced index constructed to mirror the characteristics of the high yield market. The index includes issues rated BB and below by S&P or Moody's with par amounts greater than \$75 million.
- 4 - Morningstar, Inc., Barclays Capital Long Term Government Bond Index updated through 12-31-08. Morningstar defines the BarCap Long Term Government Bond Index as including those funds in the BarCap Government index which have a maturity of 10 years or more. The returns published for this index are total returns, which include the reinvestment of dividends.
- 5 - Morningstar, Inc., Morningstar Three-Month Treasury Bill Index updated through 12-31-08. Morningstar determines the arithmetic mean of the investment rates on all three-month Treasury Bills issued during a given month as reported by the U.S. Treasury's Bureau of the Public Debt. Morningstar then converts the investment rate into a price and then a monthly return, using the assumption that the T-Bill is held to maturity. Three-month Treasury Bills are short-term securities issued by the U.S. government that are generally considered to be risk-free. BTS does not invest in Three-Month Treasury Bill mutual funds, but rather uses the T-Bill Index as a surrogate for the money market.

How BTS Performed in a Recession



	2000	2001	2002	2008
S&P 500 ¹	-9.06%	-12.02%	-22.15%	-37.02%
BAAP ²	+7.88%	+9.17%	+5.33%	+9.97%
BAAP ² Difference	+16.94%	+21.19%	+27.48%	+46.99%

1. Utilizing S&P 500 Vanguard Mutual Fund
2. Refer to previously shown BTS BAAP Track Record. Past Performance is no guarantee of future results. Results may vary and investors could lose money



All data as of:
After fees

3/31/2010

	1-Year Total Rtn	1-Year Annualized	3-Year Total Rtn	3-Year Annualized	5-Year Total Rtn	5-Year Annualized	10-Year Total Rtn	10-Year Annualized
OPAM HYCB	39.73%	39.73%	38.42%	11.43%	60.41%	9.91%	144.78%	9.36%

Performance history to: **3/31/2010**

Quarterly performance of Ocean Park's HYCB Program Accounts, after fees:

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>	<u>Full Year</u>	<u>Compounded Return</u>
1995	3.31%	5.08%	2.96%	2.93%	15.05%	15.05%
1996	3.34%	1.42%	4.81%	3.08%	13.23%	30.27%
1997	1.13%	5.26%	6.31%	0.26%	13.46%	47.80%
1998	4.92%	-0.20%	-0.31%	3.48%	8.02%	59.66%
1999	3.28%	0.89%	-0.48%	3.32%	7.14%	71.06%
2000	0.24%	0.01%	-1.02%	3.68%	2.88%	75.98%
2001	-0.45%	-0.25%	-1.85%	3.50%	0.88%	77.52%
2002	1.95%	0.27%	0.27%	6.90%	9.57%	94.52%
2003	6.70%	11.29%	2.25%	6.45%	29.24%	151.40%
2004	0.45%	-1.01%	1.22%	4.00%	4.68%	163.16%
2005	-0.57%	2.00%	1.84%	-0.38%	2.89%	170.77%
2006	2.95%	-0.25%	1.67%	4.88%	9.49%	196.47%
2007	2.28%	0.90%	1.55%	-1.40%	3.34%	206.37%
2008	-0.36%	0.69%	-0.83%	1.20%	0.69%	208.50%
2009	-2.63%	17.33%	11.65%	3.90%	32.53%	308.85%
2010	2.66%				2.66%	319.72%

Average annualized compounded return:

9.86%

Disclosure

Ocean Park's High Yield Corporate Bond Program (HYCB) diversifies each client account among at least 4 selected HYCB funds. The goals of the High Yield Corporate Bond Program are to produce satisfying long-term returns while limiting downside risk, a combination which we have found meets the goals of retirees and other conservative investors. Notice that our results do vary from quarter to quarter, and that some quarters are negative, but the downturns have never been very large, even during the bear market 2000-2002. Past performance of any mutual fund is no guarantee of future performance.

CAUTIONS:

The periods prior to 7/98 are hypothetical (back-tested). Although some HYCB funds used by Ocean Park in actual accounts had comparable results, Ocean Park did not have any actual managed accounts using this portfolio until 7/98. Please note the following cautions (based on SEC requirements): a) Backtested performance does not represent actual account performance and should not be interpreted as an indication of such performance; b) There is no assurance that these backtested results could, or would have, been achieved by Ocean Park during the years presented; c) The backtested portion of the performance data does not represent the impact that material economic and market factors might have on an investment advisor's decision-making if the advisor were actually managing clients' money; d) The SEC mandates that we state: The investment strategy that the backtested results were based upon can (theoretically) be changed at any time with the benefit of hindsight in order to show better backtested, and (theoretically) the strategy can continue to be tested and adjusted until the desired results are achieved. Please note that at Ocean Park, no such "data fitting" adjustments have in fact been made.



HORTER

Investment Management, LLC

TWO EXCELLENT FIXED INCOME MANAGERS ⁽¹⁾⁽²⁾

	<u>BTS BAAP</u> ⁽¹⁾⁽²⁾	<u>OCEAN PARK HYCB</u> ⁽¹⁾⁽²⁾	<u>BLENDED RATE</u> ⁽¹⁾⁽²⁾
	\$100,000 Investment	\$100,000 Investment	\$100,000 Investment
1997	8.08%	13.46%	10.77%
1998	11.99%	8.02%	10.00%
1999	5.66%	7.14%	6.40%
2000	7.88%	2.88%	5.38%
2001	9.17%	.88%	5.02%
2002	5.33%	9.57%	7.45%
2003	15.90%	29.24%	22.57%
2004	4.60%	4.68%	4.64%
2005	3.88%	2.89%	3.39%
2006	7.84%	9.48%	8.66%
2007	6.56%	3.34%	4.95%
2008	9.97%	.69%	5.33%
2009	(.82%)	32.53%	15.85%
13 Yr.	7.4% ⁽¹⁾⁽²⁾	9.2% ⁽¹⁾⁽²⁾	8.4% ⁽¹⁾⁽²⁾
VALUE	\$252,078 ⁽¹⁾⁽²⁾	\$313,808 ⁽¹⁾⁽²⁾	\$286,519 ⁽¹⁾⁽²⁾
	3 Yr.	\$128,982	8.90%
	5 Yr.	\$144,903	7.70%
	10 Yr.	\$221,002	8.36%

(1) Past performance is not a guarantee of future results and investors could lose money with the PEAK Fund Management, BTS Asset Allocation Program, or the Ocean Park Asset Management High Yield Corporate Bond Program. Assumes 50% was invested in BTS BAAP and 50% in the Ocean Park HYCB.

(2) This is an estimate due to rounding.

Harry Dent

1993- The Great Boom Ahead

Harry Dent

1993 - The Great Boom Ahead

2008 - The Next Great Depression

Imagine a world where the economy never emerges from recession.

Imagine a time and place in which economists talk first of a double-dip recession, then about a triple-dip recession ... and ultimately admit the dire reality of a long, multi-decade depression.

Imagine chronically high unemployment, overwhelming government indebtedness, shrinking population, spreading poverty — even growing rates of homelessness among college graduates.

Think about a 20-year period in which stock investors continually lose fortunes and retirees get nearly zero income on their savings, with no end in sight.

Nikkei 225 Index: 1990 - 2010



Source: Bloomberg market data: 9/10/10

Reasons Why I Might Need A Complimentary Meeting With Jensen Financial Group

- I'm tired of losing money in my retirement or brokerage account
- I have a 401 K from a previous employer
- I have a 401 K at my current employer and I am age 59 ~~16~~ or older
- I don't understand my investments
- I would like an objective 3rd party review of my portfolio
- I might be inheriting an IRA
- I'm concerned I will run out of money in retirement
- I'm considering converting my IRA/401 K to a Roth
- I want to know how to minimize taxes

If you or anyone you know answered yes to any of these questions you will benefit greatly from a meeting with Jensen Financial Group.

Call our office for a complimentary appointment and we will give you a special report from Harry Dent and Ed Slott called *N*Taxing A way Your Wealth, a \$20 value.

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